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Power Integrations, Inc.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

Kimberly Quaco, Derivatively on Behalf of
Nominal Defendant POWER
INTEGRATIONS, INC.,

Plaintiff,

v.

Balu Balakrishnan, et al.

Defendants,

Power Integrations, Inc.,

Nominal Defendant.

Case No. C-06-2811-MHP

**STIPULATION AND ~~[PROPOSED]~~ ORDER
STAYING POWER INTEGRATIONS'
MOTION TO DISMISS TO ALLOW THE
PARTIES TO FILE A MOTION FOR
PRELIMINARY APPROVAL OF
SETTLEMENT**

Pursuant to Northern District Civil Local Rule 6-2, Nominal Defendant Power Integrations, Inc. ("Power Integrations") and Representative Plaintiffs Geoffrey Wren, Kimberly Quaco, and Christopher DeBoskey ("Plaintiffs"), by and through their respective counsel of record, hereby stipulate and agree to extend the stay of Power Integrations' Motion to Dismiss to allow the parties to finalize a written settlement agreement and file a Motion for Preliminary Approval of Settlement by two weeks. Previously, the parties agreed that if they had not submitted a Motion for Preliminary Approval of Settlement by November 30, 2007, Power Integrations would have two weeks from November 30, 2007, to file its Motion to Dismiss and will meet and confer with plaintiff's counsel and submit a further stipulation regarding the

1 briefing schedule and new hearing date for such hearing. The parties need additional time to
 2 finalize the written settlement agreement and file a Motion for Preliminary Approval of
 3 Settlement and have agreed to extend the stay by two weeks, such that if the parties have not
 4 submitted a Motion for Preliminary Approval of Settlement by December 14, 2007, Power
 5 Integrations will have two weeks from such date to file its Motion to Dismiss. This stipulation is
 6 based on the following facts:

7 **Whereas**, representative plaintiff Kimberly Quaco initiated this shareholder derivative
 8 case on behalf of Nominal Defendant Power Integrations on or about April 25, 2006;

9 **Whereas**, on May 10, 2006, the parties stipulated that plaintiff would file the amended
 10 complaint on or before May 26, 2006 and that defendants would respond to such amended
 11 complaint on or before June 26, 2006;

12 **Whereas**, representative plaintiff Kimberly Quaco filed an amended complaint on
 13 May 26, 2006. At the time of filing, counsel for Power Integrations no longer represented all
 14 individual defendants. As a result, service was not completed on all defendants at the same time.
 15 By stipulation dated June 22, 2006 (and approved by the Court), the parties agreed to an effective
 16 service date and agreed that defendants would respond to the Quaco amended complaint on or
 17 before September 12, 2006;

18 **Whereas**, on August 1, 2006, after the parties had set the service and response dates by
 19 stipulation, Kathryn Champlin initiated a shareholder derivative action on behalf of Nominal
 20 Defendant Power Integrations based upon allegations that were virtually identical to those alleged
 21 in the Quaco case. Champlin also moved to be appointed lead plaintiff in the case;

22 **Whereas**, on September 5, 2006, the Court granted Power Integrations' motion to extend
 23 the time to respond to the Quaco amended complaint until after the motion to consolidate and
 24 appoint lead plaintiff was resolved;

25 **Whereas**, on December 18, 2006, the Court appointed Geoffrey Wren as lead plaintiff
 26 and the law firm of Schiffrin Barroway Topaz & Kessler, LLP as lead counsel and ordered
 27 plaintiff to file a consolidated complaint no later than January 17, 2007;

28 **Whereas**, on February 9, 2007, April 10, 2007, and May 31, 2007, pursuant to

1 stipulations by the parties, the Court extended Power Integrations' time to respond to the
 2 Consolidated Complaint and stayed all other activities to allow the parties to engage in informal
 3 discovery and to discuss a potential resolution of this matter;

4 **Whereas**, on August 3, 2007, pursuant to a stipulation by the parties, plaintiffs filed an
 5 Amended Consolidated Complaint;

6 **Whereas**, on September 11, 2007, and October 11, 2007 pursuant to stipulations by the
 7 parties, the Court extended Power Integrations' time to respond to the Amended Consolidated
 8 Complaint and stayed all other activities to allow the parties to continue to discuss a potential
 9 resolution of this matter;

10 **Whereas**, on October 4, 2007, the parties participated in a productive mediation with the
 11 Honorable Eugene Lynch (Ret.);

12 **Whereas**, since the mediation, the parties have been engaged and continue to engage in
 13 negotiations with the goal of presenting a final written settlement agreement to the Court for
 14 preliminary approval on or before November 30, 2007;

15 **Whereas**, the parties need an additional two weeks in order to present a final written
 16 settlement agreement to the Court for preliminary approval;

17 **Whereas**, the only scheduled events in this case are the briefing and hearing dates on
 18 nominal defendant Power Integrations' motion to dismiss the case for failure of plaintiff to
 19 comply with the shareholder demand requirement. No other scheduled dates will be affected by
 20 this stipulation.

21 **Now, therefore, it is hereby stipulated**, by and between the undersigned, as follows:

22 1. Power Integrations response date and the corresponding briefing schedule to the
 23 Amended Consolidated Complaint are stayed;

24 2. If the parties do not file a Motion for Preliminary Approval of Settlement by
 25 December 14, 2007, Power Integrations' response to the Amended Consolidated Complaint will
 26 be due within two weeks of such date. If such filing becomes necessary, counsel for Power
 27 Integrations will meet and confer with counsel for the plaintiffs and select a mutually agreeable
 28 date for the remaining briefing schedule and hearing and submit a stipulation with such dates for

1 approval.

2 Dated: November 30, 2007

SCHIFFRIN BARROWAY TOPAZ & KESSLER

3
4 By: /s/ Lee Rudy
Lee Rudy

5 Counsel for Lead Plaintiffs

6 Dated: November 30, 2007

COOLEY GODWARD KRONISH LLP

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8
9 By: /s/ Jeffrey S. Karr
Jeffrey S. Karr

10 Attorneys for Nominal Defendant
11 Power Integrations, Inc.

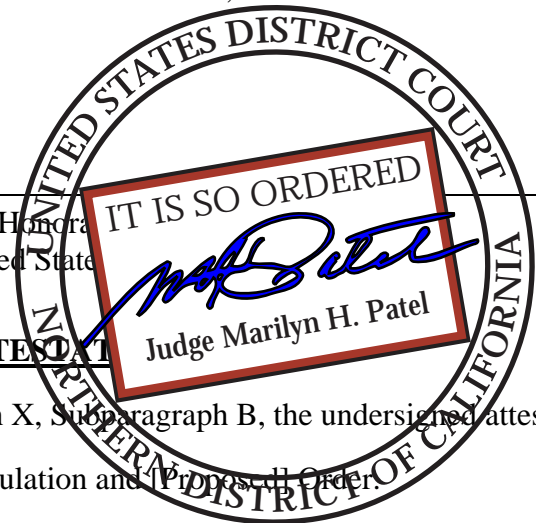
12 **ORDER**

13 PURSUANT TO THE STIPULATION BY THE PARTIES, IT IS SO ORDERED.

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16 Dated: December 3, 2007

17 The Honorable
18 United States

19 **FILER'S ATTEST**



20 Pursuant to General Order No. 45, Section X, Subparagraph B, the undersigned attests that
21 all parties have concurred in the filing of this Stipulation and [Proposed] Order.
22

23 Dated: November 30, 2007

COOLEY GODWARD KRONISH LLP

24
25
26 By: /s/ Jeffrey S. Karr
Jeffrey S. Karr